



Department of State

TELEGRAM

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INFO OCT-01 EUR-25 ADP-00 NSCE-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 AID-20 IGA-02 IO-13 EB-11 AGR-20 COME-00

OPIC-12 SCI-06 RSR-01 /191 W
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FM AMEMBASSY KABUL

TO SECSTATE WASHDC 4680

INFO AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

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E.O. 11652: NA

TAGS: PGOV, PBOR, PFOR, IR, UR, IN, UK

SUBJ: PERCY CONVERSATION WITH PRESIDENT DAUD

REF: A) ISLAMABAD 6528 (B) KABUL AIRGRAM 18, MARCH 22, 1973 (N)

TELEGRAM TEXT, INCLUDING NON-STATE ADDRESSEES, HAS BEEN CLEARED
WITH SENATOR PERCY

SUMMARY: SENATOR PERCY AND PRESIDENT DAUD MET FOR HOUR AND A
HALF EVENING OF AUGUST 11 IN DAUD'S HOME. PRESIDENT APPEARED
TO BE IN GOOD PHYSICAL CONDITION AND SPOKE CONFIDENTLY AND
WITH VISIBLE SELF ASSURANCE. HE GIVES THE IMPRESSION OF BEING
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ON TOP. AMBASSADOR NEUMANN AND WAHID ABDULLAH, DEPUTY FOREIGN MINISTER ALSO PRESENT. DAUD ASKED NO QUESTIONS OF HIS OWN BUT AFTER USUAL PLEASANTRIES SAID HE WOULD BE GLAD TO COMMENT ON ANY AREAS OF PARTICULAR INTEREST TO SENATOR PERCY. PERCY RAISED FIVE MAJOR ISSUES. TOPICS DISCUSSED AND BRIEF SUMMARY ARE AS FOLLOWS:

A) AFGHAN FOREIGN AND DOMESTIC POLICY AND RELATIONS WITH US: DAUD HOPED LONGSTANDING US-ECONOMIC ASSISTANCE AND TRADITIONAL FRIENDSHIP AND UNDERSTANDING WOULD CONTINUE, HAD LITTLE TO OFFER REGARDING DOMESTIC DEVELOPMENT PLANS BUT DID STATE AFGHANISTAN WOULD NEVER ALLOW ITSELF TO BE USED "BY OTHER COUNTRIES" (REBUTTAL TO CHARGE OF RUSSIAN INVOLVEMENT IN COUP.);

B) HELMAND TREATY: DAUD IMPLIED THAT TREATY MUST BE RE-EXAMINED BECAUSE ORIGINAL TOO GENEROUS TO IRAN, NOTING 4 ADDITIONAL CUSECS OF WATER OVER AND ABOVE BASIC SETTLEMENT AS GOODWILL GESTURE PLUS "UNDERSTANDING" (HE TERMED IT SECRET AGREEMENT) TO SELL ADDITIONAL AMOUNTS OF WATER WERE MAJOR PROBLEMS;

C) PASHTUNISTAN AND RELATIONS WITH PAKISTAN: DAUD TOOK GENERALLY HARD LINE, GIVING FORTY MINUTE SPEECH ON HISTORICAL DEVELOPMENT (AS AFGHANS SEE IT) OF ISSUE, UNDERSCORING SERIOUS POTENTIAL FOR CONFLICT UNLESS PAKISTAN GOVERNMENT MODERATES ITS POLICY (ALLOWS SELF-DETERMINATION);

D) CHURCH ISSUE: PERCY PRESENTED PROPOSAL OF A GROUP OF HIS CONSTITUENTS BACKED BY WORLD COUNCIL OF CHURCHES, THE REV BILLY GRAHAM AND OTHER RELIGIOUS LEADERSHIP, UNDERTAKING TO RAISE FUNDS FOR NEW CHURCH WITH AFGHAN APPROVAL OF DESIGN AND LOCATION AND WITH A GUARANTEE AGAINST IMPROPER ACTIVITIES. DAUD DEPLORED DESTRUCTION OF CHURCH AS BARBARIC ACT AND AGAINST SPIRIT OF ISLAM AND PROMISED TO SOLVE PROBLEM IN HONORABLE WAY AFTER REASONABLE PERIOD OF TIME.

E) FERTILIZER LOAN: SPEAKING EITHER FROM IGNORANCE OF TRUE FACTS OR TOTAL MISINFORMATION, DAUD EXPRESSED ASTONISHMENT THAT PREVIOUS GOVERNMENT HAD AGREED TO LARGE NEW FERTILIZER LOAN PROGRAM AT TIME WHEN RUSSIAN-BUILT FERTILIZER PLANT NEARING COMPLETION. PERCY AND AMBASSADOR POINTED OUT BASIC

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INACCURACIES IN THAT LINE OF THOUGHT, HOWEVER, THIS COULD BE SERIOUS PROBLEM IF THESE ATTITUDES ARE SUSTAINED. MISSION HAS ALREADY BEGUN EDUCATIONAL CAMPAIGN WITH GOVERNMENT OFFICIALS. END SUMMARY.

1. AFGHAN FOREIGN AND DOMESTIC POLICY AND RELATIONS WITH US. DAUD SPOKE OF NEED FOR US ASSISTANCE AND NECESSITY FOR US AND AFGHANISTAN TO UNDERSTAND EACH OTHER'S PROBLEMS. PERCY NOTED THAT FROM HIS TRAVELS WITHIN COUNTRY HE HAD IMPRESSION THAT PEOPLE WERE HOPEFUL ABOUT FUTURE. HE THEN ASKED WHAT PLANS GOVERNMENT HAD FOR DEVELOPMENT, POINTING OUT SELF HELP NECESSARY IF US ASSISTANCE TO BE EFFECTIVELY UTILIZED. DAUD'S REPLY WAS CONFINED TO GENERALITIES. (NOTE: SENATOR HAD PUT SAME QUESTION TO NAIM, DAUD'S BROTHER AND CONFIDANT, IN PREVIOUS CONVERSATION WITH SAME RESULT.) DAUD DID SAY HE INTENDS TO GIVE FULL POLICY STATEMENT AT SOME UNSPECIFIED TIME IN FUTURE AND NOTED GOVERNMENT DOES NOT WISH TO BLOCK PRIVATE ENTERPRISE BUT IT "MUST BE MADE TO COOPERATE WITH MAXIMUM BENEFIT TO PEOPLE WITHIN LAW." ALSO GAVE STRONG PITCH ABOUT "NEVER ALLOWING OURSELVES TO BE USED BY OTHER COUNTRY" AS REBUTTAL TO PERSISTENT RUMORS OF RUSSIAN INFLUENCE IN COUP.

2. HELMAND TREATY: PERCY NOTED THAT TREATY DRAWN UP WAS ALONG LINES OF INTERNATIONAL COMMISSION SUGGESTIONS AND CUT TO ONE-HALF DIVERSION OF WATER ORIGINALLY REQUESTED BY IRAN. HE CONGRATULATED DAUD ON ABILITY TO SETTLE THIS UNRESOLVED ISSUE WITH A NEIGHBORING STATE. DAUD SAID GOVERNMENT RESPECTED TREATIES BUT ANY AGREEMENTS CONTRARY TO NATIONAL INTERESTS MUST BE RE-STUDIED AS WAS NOW BEING DONE ON

HELMAND TREATY. HE SAID GOVERNMENT RESPECTS BASIC SETTLEMENT FOR TWENTY-TWO CUSECS OF WATER FOR IRAN BUT ADDITIONAL FOUR CUSECS GIVEN BY PREVIOUS GOVERNMENT AS GESTURE OF GOODWILL WAS WRONG AND SHOULD NOT HAVE BEEN DONE. DAUD ALSO ASSAILED WHAT HE TERMED "SECRET AGREEMENT" TO SELL ADDITIONAL AMOUNTS OF (FLOOD) WATER. CLAIMED ONCE IRANIAN FARMERS BEGAN USING "EXTRA" AMOUNTS OF WATER, THEY ACQUIRED A VESTED INTEREST TO CONTINUE DOING SO. (NOTE: AS DETAILED IN REFERENCED AIRGRAM, IT WAS, IN FACT, IRAN WHO MADE MOST OF SUBSTANTIVE CONCESSIONS BEFORE TREATY SIGNED, INCLUDING AGREEMENT TO DELETE ALL MENTION OF FUTURE WATER SALES FROM TEXT. THIS WAS LEFT TO FUTURE AGREEMENTS, A MAJOR ACT OF FAITH ON PART OF IRANIANS.) DAUD CLAIMED CORRUPT

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PARLIMENT HAD BEEN PRESSURED AND BRIBED INTO ACCEPTING TREATY WITHOUT UNDERSTANDING ITS REAL MEANING AND SAID PERHAPS AFGHANS AND IRANIANS SHOULD NOW WORK TOGETHER TO RESOLVE THIS PROBLEM. DAUD COMMENTED THAT A NEW RESERVOIR AT RAJOURI WAS REQUIRED FOR KAJAKAI DAM IF IRANIAN WATER.

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NEEDS ARE TO BE MET AND PERHAPS IRANIANS COULD HELP WITH THIS. COMMENT: THIS IS FIRST DETAILED EXPOSITION OF DAUD'S VIEWS ON HELMAND TREATY WE HAVE HEARD. WE DO NOT KNOW IF DAUD HAD BEEN INFORMED THAT SHAH HAD SIGNED TREATY THUS COMPLETING IRANIAN RATIFICATION, THOUGH WE HAD INFORMED WAHID ABDULLAH OF THIS.

3. PUSHTUNISTAN AND RELATIONS WITH PAKISTANI: PERCY SAID HE WAS PLEASED TO SEE DAUD'S COMMENT THAT THIS ISSUE WOULD BE SETTLED PEACEFULLY BUT ASKED FOR DAUD'S VIEWS. IN LONG HISTORICAL NARRATIVE DATING BACK TO 19TH CENTURY, DURING WHICH DAUD BECAME QUITE EMOTIONAL AT TIMES, PRESIDENT GAVE OWN PERSONAL INTERPRETATION OF FRONTIER AREA HISTORY AND SAID A) AFGHANISTAN HAD NEVER ACCEPTED BRITISH IMPOSED BORDER LINE WITH INDIAN

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EMPIRE, B) PASHTUN PEOPLE NEVER WANTED TO BE PART OF PAKISTAN AND 1947 PLEBISCITE WAS A JOKE BECAUSE IT DIDN'T GIVE PEOPLE ANY ALTERNATIVE OTHER THAN HINDU INDIA AND EVEN WITH ENORMOUS ARMY PRESENCE IN FRONTIER AREA ONLY 51 PERCENT VOTED FOR PAKISTAN, C) GIVEN THIS BACKGROUND, AFGHANISTAN RETAINED RIGHT OF ANNEXATION OF FRONTIER AREAS. IT DID NOT WANT TO DO THIS BUT FELT THAT SELF-DETERMINATION FOR PASHTUNS WAS VITAL FOR PEACE, D) PAKISTAN HAD VIOLATED OWN CONSTITUTION IN REMOVING GOVERNORS OF NORTHWEST FRONTIER AND BALUCHISTAN AND DANGER OF ANOTHER EAST PAKISTAN-LIKE CRISIS WAS REAL POSSIBILITY. DAUD SAID IRAN MAY HELP TO TRY AND MODERATE ANY CRISIS AS IT DID IN 1963 AND US SHOULD WATCH AREA CLOSELY. HE PROMISED THAT AFGHANS WOULD NOT PRECIPITATE TROUBLE BUT WARNED THAT IF BHUTTO DID NOT MODIFY HIS POLICIES, ANOTHER "VIETNAM" POSSIBLE. COMMENT: IN MAIN THIS IS "VINTAGE DAUD" AND IS RESTATEMENT OF HIS GENERAL POSITION OF THE 1950'S. WE HAVE NO EVIDENCE THAT NEW GOVERNMENT HAS DONE ANYTHING YET TO STIR UP TRIBES BUT ATTITUDE EXPRESSED HERE COULD EASILY LEAD TO INCREASED AFGHAN INVOLVEMENT.

4. FERTILIZER LOAN: SENATOR PERCY REMARKED ON SPLENDID ACHIEVEMENT OF AFGHAN AGRICULTURAL SECTOR IN REACHING FOOD GRAIN SELF SUFFICIENCY THIS YEAR AND NOTED THAT US WAS PROVIDING LARGE SCALE ASSISTANCE IN EXPANDING USE OF FERTILIZER THROUGH PRIVATE SECTOR DISTRIBUTION. DAUD SAID HE HAD BEEN ASTONISHED TO LEARN OF LARGE US FERTILIZER LOAN AT TIME WHEN RUSSIAN-BUILT FERTILIZER PLANT IN MAZAR-I-SHARIF WAS FINALLY NEARING COMPLETION. AMBASSADOR AND SENATOR POINTED OUT THAT PLANT WILL PRODUCE ONLY

PART OF FERTILIZER REQUIREMENT (UREA) AND WAS WELL BEHIND ORIGINAL SCHEDULE AND THAT FULL PRODUCTION IS NOW SEVERAL YEARS AWAY AND EVEN THEN WILL NOT BE ENOUGH TO MEET DOMESTIC REQUIREMENTS. PERCY SUGGESTED THAT GOA HEDGE POSITION AND BOTH BUY MORE HEAVILY AND ACCELERATE PRODUCTION, REQUESTING US TECHNICAL ASSISTANCE IF NEEDED, TO SUPPLY HEAVY GROWING DEMAND BY FARMERS PERCY HAD NOTED IN TRAVELS THROUGHOUT COUNTRY. PERCY SAID US AND USSR COOPERATING IN CANCER RESEARCH, OTHER TECHNICAL AREAS INCLUDING SPACE AND COULD CERTAINLY COOPERATE IN HELPING AFGHAN ECONOMY.

COMMENT: OPPOSITION TO AFGHAN FERTILIZER COMPANY (AFC) AND

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PRIVATE DISTRIBUTION SYSTEM HAVE RECENTLY SURFACED AGAIN IN MINISTRY OF AGRICULTURE. WE UNDERSTAND THAT DEPUTY MINISTER OF AGRICULTURE GAVE PREJUDICIAL STATEMENTS TO NEW MINISTER OF AGRICULTURE CONCERNING SUPPOSEDLY EXORBITANT PROFIT MARGINS AND HIGH ADMINISTRATIVE COSTS OF AFC AND PRIVATE WHOLESALERS. DAUD WAS EITHER REFLECTING THIS OPINION OR SPEAKING FROM PLAIN IGNORANCE OF TRUE FACTS OF SITUATION. MISSION HAS ALREADY BEGUN EDUCATIONAL CAMPAIGN, HOWEVER, AND CORRECT INFORMATION WAS CHANNLED TO PRESIDENT THE FOLLOWING DAY.

5. CHURCH ISSUE: PERCY REMINDED DAUD KABUL CHRISTIAN CHURCH WAS CONSTRUCTED FOLLOWING PRESIDENT EISENHOWER'S VISIT IN 1959. IN REPLY TO PROPOSAL MENTIONED IN SUMMARY, DAUD SAID HE HAD BEEN VERY MOVED BY DESTRUCTION OF CHURCH AND TERMED IT A BARBARIC ACT AND AGAINST SPIRIT OF ISLAM. HE SAID THAT EX-PRIME MINISTER SHAFIQ HAD DONE THIS AS PART OF HIS EFFORT TO BUILD UP A POLITICAL BASE AMONG THE MULLAHS. DAUD PROMISED AN HONORABLE SOLUTION WITHIN CONTEXT OF AFGHAN LAWS. (FYI: AFTER DAUD'S PROMISE SENATOR SUGGESTED POSSIBILITY OF ANNOUNCING THIS AT AIRPORT PRESS CONFERENCE SCHEDULED FOR FOLLOWING DAY, BUT WANTED TO ACT IN ACCORDANCE WITH DAUD'S WISHES. HIS ASSURANCES WERE MOST IMPORTANT FACT AS THEY WOULD BRING NEW REPUBLIC GREAT CREDIT THROUGHOUT CHRISTIAN WORLD. DAUD QUICKLY ASKED SENATOR NOT TO DO SO FEARING POSSIBILITY OF STIRRING UP MULLAHS AGAINST HIM. END FYI.) HE REPEATED HIS ASSURANCES BUT ASKED FOR TIME. NEUMANN

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